COASTAL CONSERVANCY

Staff Recommendation
April 18, 2013

ARROYO GRANDE CREEK FLOODPLAIN ACQUISITION

Project No. 12-056-01
Project Manager: Timothy Duff

RECOMMENDED ACTION: Authorization to disburse up to $415,000 to the Coastal San Luis Resource Conservation District for the acquisition of a conservation easement in the Arroyo Grande Creek Watershed in southern San Luis Obispo County for the protection and restoration of natural resources and compatible public access.

LOCATION: Arroyo Grande Creek Watershed, City of Arroyo Grande, San Luis Obispo County.

PROGRAM CATEGORY: Integrated Coastal and Marine Resources Protection

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EXHIBITS

Exhibit 1: Project Location and Site Map

Exhibit 2: Floodplain Restoration Design

Exhibit 3: CEQA Mitigated Negative Declaration and Mitigation Monitoring Plan

Exhibit 4: Project Letters

RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31220. of the Public Resources Code:

"The State Coastal Conservancy hereby authorizes the disbursement of up to $415,000 (four hundred fifteen thousand dollars) to the Coastal San Luis Resource Conservation District ("RCD") to acquire a conservation easement on San Luis Obispo County Parcel No. 007-791-032, consisting of approximately 12.5 acres, commonly known as the Clark Property, subject to the following conditions:

1. Prior to the disbursement of Conservancy funds, the RCD shall submit for the review and approval of the Conservancy's Executive Officer ("the Executive Officer"):
   a. All title and acquisition documents including, but not limited to, the conservation easement, baseline conditions report, monitoring and reporting plan, appraisal, purchase

and sale agreement, escrow instructions, environmental and hazardous materials assessment, and title documents.

b. Evidence that sufficient funds are available to complete the acquisition.

2. The RCD shall pay no more than fair market value for any property interest acquired pursuant to this authorization, as established by an appraisal approved by the Executive Officer.
3. The easement interest acquired under this authorization shall be permanently managed and operated for the purposes of preservation of open space, habitat and floodplain, for sediment retention, for restoration of natural resources, and for public access compatible with the other purposes, in a manner acceptable to the Executive Officer.
4. Conservancy funding shall be acknowledged by erecting and maintaining a sign on the property, the design and location of which has been approved by the Executive Officer.
5. The RCD shall not amend the conservation easement acquired in whole or in part with funds provided under this authorization or convey any portion of or interest in the conservation easement without the Executive Officer's approval."

Staff further recommends that the Conservancy adopt the following findings:

"Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with the current Project Selection Criteria and Guidelines.
2. The proposed authorization is consistent with the purposes and objectives of Chapters 5.5 and 6 of Division 21 of the Public Resources Code (Sections 31220 and 31251-31270), with respect to integrated coastal and marine resources protection and enhancement of coastal resources.
3. The property to be acquired has been identified in the County of San Luis Obispo Local Coastal Program as an environmentally sensitive habitat area which should be preserved and restored.
4. The Conservancy has independently reviewed and considered the Mitigated Negative Declaration and Mitigation Monitoring Plan adopted by the County on April 16, 2013 under the California Environmental Quality Act and attached to the accompanying staff recommendation as Exhibit 3, and finds that there is no substantial evidence that the project will have a significant effect on the environment, as defined in 14 California Code of Regulations Section 15382."

PROJECT SUMMARY:

The proposed project would provide a grant to the Coastal San Luis Resource Conservation District for acquisition of a conservation easement over 12.5 acres of a 16-acre property known as the Clark Property (Property), in the upper Arroyo Grande Creek Watershed in southern San Luis Obispo County, for the preservation of open space, habitat and floodplain, for sediment retention and restoration of natural resources and for public access compatible with these purposes.

This project is identified as a priority for acquisition for floodplain restoration and sediment capture purposes in the Arroyo Grande Creek Erosion, Sedimentation and Flooding Alternatives Study prepared in 2006 with Conservancy and other funding. The conservation easement will serve to protect 10 acres of historic floodplain and a 2.5 acre buffer area otherwise threatened with development along Corbett Creek, a tributary to Arroyo Grande Creek, and will allow the RCD to restore the property's floodplain (Exhibits 1 and 2).

Corbett Creek is in a state of dysfunction from encroaching residential land uses, increased runoff, and sedimentation. Each season brings the threat of flooding to homeowners in the floodplain and downstream, while runoff, erosion and sedimentation diminish the quality of in-stream habitat, including habitat for the federally-listed steelhead trout. The proposed acquisition will allow the site to be restored to improve sediment retention and reduce chronic sedimentation and flooding in the mainstem of Arroyo Grande Creek and, in turn, enhance habitat for Steelhead trout and Tidewater goby. The creation of additional wetland and riparian habitat on the site will also enhance habitat for Red-legged frog.

Currently a berm constructed on the property prevents Corbett Creek from accessing its historic floodplain except during extremely high flows. In the restoration phase of the project this berm will be opened, and overflows will be directed onto the floodplain. The floodplain will be contoured into a series of two or more basins formed by soil berms to maximize floodwater retention and sediment capture. The first basin will capture sediment while the other basin(s) will provide floodwater storage. The basins will be vegetated with native plants. Every five to ten years sediment will be removed from the first basin to maintain its usefulness for sediment capture and revegetated as needed so that the basin remains grassland when not in use for flood flow. Weirs will direct and manage overflow into the sediment basins and control future downstream water surface elevations to minimize the potential for head-cutting. Once established, the riparian vegetation, pocket wetlands, and secondary channel will enhance sediment capture, flood control and wildlife habitat. In addition to offering the conservation easement for the planned restoration project, the landowner has also expressed interest in providing access to docent-lead groups on his property for educational purposes.

While still in draft form, the proposed easement will comply with the easement standards adopted by the Conservancy on May 24, 2007 (the "easement standards"). In particular, the easement will require that a baseline report and monitoring plan be prepared and approved by the Conservancy prior to close of escrow and the easement will contain all essential provisions required by the easement standards. These essential provisions are: prior written approval of the Executive Officer required for any amendment or transfer of the easement or use of the easement as security for any debt; the property subject to the conservation easement must be used, managed and maintained consistent with the acquisition purposes; the easement may not contain any term that would allow the voluntary extinguishment of the easement by the property owner; in the event of condemnation of any portion of the property, the easement holder must provide to the Conservancy a proportionate share of the proceeds; and, if easement holder should abandon the conservation easement or cease to exist, or if any of the essential terms are violated, then all of the easement holder's right, title and interest in the conservation easement shall automatically vest in the Conservancy or designee.

The RCD is ideally positioned to manage the proposed project and is also taking the lead in developing a second phase of channel restoration immediately downstream of the Clark property. With Coastal Conservancy assistance over the past two decades, the RCD has taken a primary role in San Luis Obispo County on major watershed planning and restoration projects. The RCD took the lead in the preparation of the Arroyo Grande Creek Erosion, Sedimentation and Flooding Alternatives Study, and has been responsible for implementing the Conservancy's successful Morro Bay Watershed Enhancement Plan, including a major floodplain restoration project along Chorro Creek. The RCD also managed several Conservancy projects in the upper Morro Bay watershed, including the design and construction of agricultural BMPs on private ranchland.

Site Description: The Arroyo Grande Creek watershed is located in the southwest portion of San Luis Obispo County (Exhibit 1). The Clark Property is located approximately three miles upstream of the ocean adjacent to Corbett Creek (known locally as Tally Ho Creek), one of three primary tributaries to Arroyo Grande Creek. The Arroyo Grande watershed covers roughly 150 square miles and extends 16 miles inland. Located nine miles upstream of the ocean, Lopez Dam captures runoff from the upper 60 square miles of the watershed for storage in Lopez Lake. At its Pacific Ocean terminus, the watershed is approximately six miles wide and drains through the northern end of the Guadalupe-Nipomo Dunes complex at Pismo State Beach and Oceano Dunes. The watershed provides habitat for the federally listed southern steelhead up to Lopez Dam, Tidewater goby and Red-legged frog. Creek flows are generally perennial in the project reach with higher flows in the winter and very low flow in the summer.

The project area is dominated by agriculture and rural residential land uses and limited mixed use development, including an existing grocery store. In some areas residential development has encroached on to the Corbett Creek floodplain. Vegetation includes ornamental landscaping on the residential properties, native and exotic grasses, native and exotic brush including blackberry, and Willow trees. The proposed easement area is undeveloped and contains a mix of native and exotic grasses and brush. Thick stands of Willow trees are found along the creek's riparian corridor. The upland portion of the site outside of the easement area is developed with a single family residence, a barn, horse corals, and equestrian trails.

Project History: In 2004 the Conservancy provided funds to the RCD for the preparation of the Arroyo Grande Creek Erosion, Sedimentation and Flooding Alternatives Study. This plan identified the Clark property as a priority for acquisition and floodplain restoration. In 2007 Conservancy, RCD and City of Arroyo Grande staff toured the Clark property, and between 2007 and 2010 RCD staff continued discussions with the landowner and negotiated the final terms for the proposed easement acquisition. In 2011 the Department of Water Resources awarded match funds for the acquisition and restoration of the site, and in 2012 Conservancy staff agreed to provide match funds for the acquisition pending board approval.

PROJECT FINANCING

Acquisition:

Coastal Conservancy	$415,000
State Department of Water Resources	$196,500
City of Arroyo Grande	$12,000

Total Acquisition Costs	**$623,500**
Restoration:	
State Department of Water Resources	$526,000
City of Arroyo Grande	$119,000
Total Restoration Costs	**$645,000**

The Conservancy funds for this project are expected to derive from an appropriation to the Conservancy from the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 ("Proposition 50"). Proposition 50 funds are appropriated to the Conservancy to restore and protect coastal watersheds through projects undertaken pursuant to the Conservancy's enabling legislation (Division 21 of the Public Resources Code) to restore water and land resources (Water Code § 79570). The proposed project will accomplish these purposes by facilitating the acquisition and restoration of floodplain and riparian land resources in the upper Arroyo Grande Creek Watershed. In addition, under Proposition 50, any watershed protection activities financed with Proposition 50 funds must be "consistent with the applicable adopted local watershed management plan and the applicable regional water quality control plan adopted by the regional water quality control board" (Water Code Section 79507). The proposed project is consistent with such plans, as described in detail in the "Consistency with Local Watershed Management Plan/State Water Quality Control Plan" section, below.

The project is also consistent with the Conservancy's enabling legislation as described below.

The Coastal San Luis RCD will be providing in-kind staff services to manage the project estimated to be valued at $5,000. The City of Arroyo Grande is providing permit fee and environmental review waivers. The value of these waivers is estimated to be $14,000.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

This project would be undertaken pursuant to Division 21, Chapter 5.5 (Integrated Coastal and Marine Resources Protection) of the Conservancy's enabling legislation (California Public Resources Code Section 31220), as described below.

Section 31220(a) of the Public Resources Code authorizes the Conservancy to undertake coastal watershed projects that meet one or more criteria detailed in subsections 1 through 10 of Section 31220(b). Consistent with Section 31220(b), the proposed project will achieve the following objectives: acquire, protect, and restore coastal wetlands, riparian areas, floodplains, and other sensitive watershed lands, including watershed lands draining to sensitive coastal or marine areas (subsection 6); and reduce unnatural erosion and sedimentation of coastal watersheds or contribute to the reestablishment of natural erosion and sediment cycles (subsection 4). The proposed project will result in the acquisition and future restoration of floodplain area that will result in improved riparian habitat and water quality for the Arroyo Grande Creek Watershed.

As also required by Section 31220(a), Conservancy staff has consulted with the State Water Resources Control Board in the development of this project in order to ensure consistency with the Clean Beaches Program under Chapter 3 of Division 20.4 of the Public Resources Code.

Finally, as required by Section 31220(c), the acquisition is consistent with the Integrated Watershed Management Program for San Luis Obispo County, regional water quality plans, and the goals and recommendations of Arroyo Grande Creek Watershed Enhancement Plan, as discussed below under "Consistency With Local Watershed Management Plan/State Water Quality Control Plan."

CONSISTENCY WITH CONSERVANCY'S 2013 STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 4, Objective A,** the project will result in the protection of significant coastal and watershed resource properties.

Consistent with **Goal 5, Objective G,** the project will improve water quality to benefit coastal and ocean resources.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project is consistent with the Conservancy's current Project Selection Criteria and Guidelines, in the following respects:

Required Criteria

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source**: See the "Project Financing" section above.
3. **Support of the public:** The project has the support of numerous state and local elected officials and agencies as demonstrated by the attached letters (Exhibit 4).
4. **Location:** The proposed project is located approximately three miles from the ocean in the Arroyo Grande Creek watershed and is outside the coastal zone. The proposed project would serve to reduce sedimentation and improve water quality in a coastal watershed, and will enhance natural resources within the coastal zone, including habitat for anadromous steelhead trout.
5. **Need:** The RCD does not have sufficient funds to acquire the site on its own. Conservancy funds are needed to complete the acquisition.
6. **Greater-than-local interest:** The project will enhance and/or create additional wetland and riparian habitat, including habitat for three federally-listed species (Steelhead trout, Red-legged frog, and Tidewater goby).
7. **Sea level rise vulnerability:** The project site is located 130 feet or more above sea level and thus well outside the elevations projected for sea level rise vulnerability.

Additional Criteria

9. **Resolution of more than one issue**: The project resolves several issues including reductions in peak flows and sediment loading that will help reduce historic flooding in the lower

watershed. Water quality and habitat for three federally-listed species (Steelhead trout, Tidewater goby and Red-legged frog) will be improved, and protection of the riparian corridor on the property will protect an important wildlife corridor between City and County open space lands.

10. **Leverage**: See the "Project Financing" section above.

13. **Readiness**: An appraisal has been completed, all of the funds needed to complete the acquisition have been awarded to the grantee, and both the grantee and the landowner are ready to complete the easement transaction within the next three to six months. Additional funds have also been awarded to the grantee for the proposed floodplain restoration project which will be ready to proceed once final plans are prepared and permits secured later this year.

14. **Realization of prior Conservancy goals**: See the "Project History" section above.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The proposed project is consistent with the San Luis Obispo County Local Coastal Program requiring public action to preserve coastal streams and riparian corridors. LUP Policy 18 on Environmentally Sensitive Habitats states that: "Coastal streams and adjoining riparian vegetation are environmentally sensitive habitat areas and the natural hydrological system and ecological function of coastal streams shall be protected and preserved." In addition, LUP Policies 1-14 on Coastal Watersheds all address actions to protect watershed resources.

CONSISTENCY WITH LOCAL WATERSHED MANAGEMENT PLAN/STATE WATER QUALITY CONTROL PLAN:

This project is identified in the Arroyo Grande Creek Erosion, Sedimentation and Flooding Alternatives Study (2006) as a critical component to alleviate flooding on Corbett Creek and reduce stress on lower Arroyo Grande Creek through the detention of peak flows and fine sediment. This project has also been identified in the study as an important location upon which to restore riparian and floodplain habitat within an urban wildlife corridor.

The 2011 Water Quality Control Plan for the Central Coastal Basin (Basin Plan), adopted by the Central Coast Regional Water Quality Control Board, calls for improving water quality in the region by controlling point and nonpoint source pollution and urbanization, and encourages property owners, managers, or other dischargers to implement Best Management Practices to reduce storm water runoff and sedimentation. This project will achieve exactly those objectives by providing property to be permanently dedicated for use for sediment retention and floodplain, In addition, because the project will facilitate the restoration of fish and wildlife habitat in coastal watersheds and wetlands, including habitat for the state- and federally-listed anadromous steelhead, the project is consistent with the Basin Plan in that it will further the following beneficial use objectives identified for Arroyo Grande Creek: Estuarine Habitat, Wildlife Habitat, Rare, Threatened, or Endangered Species, and Migration of Aquatic Organisms.

The proposed project is also consistent with San Luis Obispo County's Integrated Regional Water Management Plan (IRWMP) which recommends the purchase of fee title or easements to preserve, enhance, and restore land and water quality in ecologically sensitive ecosystems.

COMPLIANCE WITH CEQA:

The mere acquisition of an easement interest in property to preserve open space and existing natural conditions or preserve fish and wildlife habitat would normally be categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to the CEQA Guidelines (14 California Code of Regulations, Sections 15325 and 15313, respectively). However, since the acquisition is coupled with future, planned restoration, the City of Arroyo Grande (City), the lead agency for the restoration phase of the project, has prepared and adopted a Mitigated Negative Declaration for the project for purposes of CEQA. The draft MND was made available to the public for comment for 30 days commencing on March 15, 2013. The City adopted the MND and a Mitigation Monitoring Plan (MMP) on April 16, 2013, and determined that the project, as mitigated, will not have a significant adverse effect on the environment (Exhibit 3). Upon review of the County's MND and MMP, Conservancy staff concurs with the City's determination.

The MND identified possible significant environmental effects of the project in the areas of air quality, biological resources, cultural resources, hydrology and water quality, and noise. The proposed mitigation measures that will avoid or reduce the possible effects to a level of insignificance are described below.

Air Quality

To mitigate short term air quality impacts (i.e. dust) during construction, the amount of disturbed area will be reduced where possible, water trucks or sprinkler systems will prevent airborne dust from leaving the site, dirt stockpile areas will be sprayed daily or as needed, graded areas will be revegetated, trucks hauling loose materials will be covered, adjacent streets will be swept daily if material is carried onto adjacent paved roads, diesel idling will be prohibited, and use of alternative-fueled equipment will be encouraged.

Biological Resources

Construction/grading shall take place after the breeding season for the Yellow Warbler (April – July) to limit noise impacts. If construction/grading must start during this time period, surveys of nesting birds shall be completed. The presence of California red-legged frogs will be assumed and pre-construction surveys will be performed for California red-legged frogs and Southwestern pond turtles. A biologist shall be present during construction activities as needed to protect these special status species. A qualified botanist will map occurrence of Hoover's bent grass, San Bernardino aster and black-flowered figwort. If sensitive plant species are found on site and determined to be potentially impacted, those populations shall be transplanted to an equivalent location on site, or shall be replaced with new plants at a ratio of two plants replaced for each one lost. Locations to avoid will be flagged against inadvertent or unintentional damage.

Cultural Resources

If prehistoric or historic cultural materials are encountered work in the immediate vicinity of the finds shall be suspended until reviewed by an archeologist.

Hydrology and Water Quality

The applicant will prepare a Storm Water Pollution Prevention Plan (SWPPP) and Erosion Control Plan that specifies the implementation of Best Management Practices (BMPs) to avoid and minimize water quality impacts. These plans will designate equipment and supply staging

and storage areas at least 100 feet from any creek 25-foot setback area, and all vehicle parking, routine equipment maintenance, fueling, minor repair, concrete mixer washout areas, and soil and material stockpile shall be done in this designated only. Vehicle/equipment maintenance, repair, and equipment washing shall be performed off site. A wet and dry spill cleanup plan will specify reporting requirements and immediate clean up to ensure no residual soil, surface water or groundwater contamination remains after clean up. A temporary and excess fill stockpile and disposal plan will ensure that no detrimental affects to receiving waters will occur. Site preparation and erosion control BMPs will be installed for any work completed after October 15.

To reduce erosion hazards, grading will be minimized, runoff and sediment control structures used, and/or permanent plant cover will be established on side slopes following construction. Erosion control and bank stabilization measures shall be implemented for any work that requires access to the creek, subject to approval through a Streambed Alteration Permit and all other required permits. All temporary fill will be removed at project completion and the area restored to approximate pre-project contours and topography.

Noise

Construction activities and on-site equipment maintenance and servicing will be restricted to the hours of 8:00 AM to 5:00 PM Monday through Friday. Stationary noise sources will have noise reducing engine housing enclosures or noise screens, and no more than two pieces of major earth moving equipment shall be allowed to operate simultaneously.

Based on the analysis in the MND, staff believes that with these mitigation measures the project, including the future restoration activities, will avoid, reduce or mitigate any potential environmental effects to a level of insignificance. Accordingly, Conservancy staff recommends that the Conservancy find that there is no substantial evidence that the project, as revised, may have a significant effect on the environment.

Upon Conservancy approval, staff will file a Notice of Determination for this project.